THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Interest rates charged by commercial and cooperative banks are deregulated. Banks are free to determine the rate of interest on loans taking into account their cost of funds and the risk element involved. However, pursuant to the advice of Indian Banks' Association to Public Sector Banks to charge a rate of interest of not more than 9% per annum on crop loans upto Rs. 50,000/-. NABARD has advised cooperative banks to charge a low rate of interest on crop loans. Further, NABARD provides refinance at concessional rates of interest to State Cooperative Banks and Regional Rural Banks.

(b) and (c) Crop loans are advanced to farmers by Banks based on the scales of finance fixed, acreage and crops cultivated. While fixing the crop-wise scales of finance annully, District Level Technical Committees (DLTCs) duly reckon, among others, the input costs in respect of seeds and fertilizers also.

Debt trap of Maharashtra

2171. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether in view of the recent report of the Comptroller and Auditor General in June, 2005, the State Government of Maharashtra had submitted any proposal for taking the State out of the debt trap;

(b) if so, the details of the proposal made by the State Government for the purpose; and

(c) the Central Government's response thereto, indicating the stage at which different proposals are standing?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) and (c) Does not arise.

World Bank loans to hilly States

2172. SHRI HARISH RAWAT: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has expressed its willingness to extend

loans/assistance to hilly States in India for development of roads, irrigation and slum area development schemes;

(b) if so, to what extent the World Bank has agreed to provide this amount to Uttaranchal; and

(c) to what extent Government have agreed to the suggestions for providing such loans to Uttaranchal and by when it is likely to materialize?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The World Bank's assistance is available for all States of India, including hilly States in the sectors identified by these States, including roads, irrigation and slum area development.

(b) and (c) A project titled 'Uttaranchal Decentralized Watershed Development' is presently being implemented with World Bank assistance of US$ 69.62 million. The following projects for Uttaranchal have been posed by the Government of India to the World Bank for consideration:

(Rs. in crore)

S.No.	Name of Project	Estimated Cost
1.	Uttaranchal Rural Water Supply and Sanitation II	500
2.	Dam Rehabilitation & Improvement Project (Multi State)	11.8*
3.	Pradhan Mantri Gram Sadak Yojana-Phase II (Multi State)	1151*

*Share of Uttaranchal

These proposals follow the cycle of appraisal and negotiation before their final approval by the World Bank Board.

Reduction in bonus payable on endowment policies

2173. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) Whether the LIC has neutralized the benefits to its endowment policy holders through a golden jubilee bonus announced last year, by